

Sheppard Mullin Obtains Significant Win in Healthcare Antitrust Litigation

08.16.2024

Sheppard Mullin's nationally recognized healthcare litigation team obtained a significant win for client MultiPlan Corporation, a leading provider of healthcare data and analytics products and services, in San Francisco Superior Court.

In 2021, VHS Liquidating Trust, the bankruptcy liquidator for Verity Health System of California, which operated six hospitals in the state, sued MultiPlan, alleging antitrust and other claims related to MultiPlan's out-of-network reimbursement services and products. VHS alleged that MultiPlan's repricing tools for out-of-network services caused health plans who used MultiPlan's products to underpay Verity hospitals. Based on these allegations, VHS alleged an antitrust conspiracy involving MultiPlan and several health plans.

On August 9, 2024, the San Francisco Superior Court sustained MultiPlan's demurrer without leave to amend, finding that VHS failed to allege facts sufficient to state a claim for relief. Specifically, the Court found that "out of network" reimbursement rates are not a "price" that can be fixed or tampered with in violation of antitrust laws. The Court also found that VHS failed to assert any harm caused by a violation of California's antitrust laws. Finally, the Court found that the Plaintiff's unfair competition claim failed, because it was dependent on the underlying antitrust allegations. The case was the first of several lawsuits filed throughout the country which have attempted to assert antitrust violations based on a similar theory.

The Sheppard Mullin team was led by partner Moe Keshavarzi and special counsel David Dworsky, and included special counsel John Landry and associate Katherine Rice. Sheppard Mullin was co-counsel with a team from Phelps Dunbar LLP, led by Errol King and Craig Caesar.

The case is *VHS Liquidating Trust, liquidating trust for Verity Health System of California, Inc. v MultiPlan Corporation* Case No. CGC-21-594966.

Read the order here.

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Practice Areas

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